



CAL DOOLEY
PRESIDENT AND CEO

February 9, 2018

The Honorable Ann Begeman
Acting Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Deb Miller
Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423

RE: Recent CSX Rail Service Experiences Reported by ACC Member Companies

Dear Acting Chairman Begeman and Vice Chairman Miller,

On behalf of the American Chemistry Council, I would like to thank you for your continued engagement on rail service disruptions confronted by CSX customers, including your December 14 letter to CSX leadership requesting additional information. In addition, I would like to provide a brief update experiences and concerns with CSX service recently reported by our member companies.

ACC conducted an informal survey of our Distribution Committee members regarding CSX service for the period of December 2017 through January 2018. While many companies report that service had improved since the summer/fall of last year, it is clear that service is still not where it needs to be.

A majority of respondents report experiencing “significant rail service disruptions” during this period, resulting in numerous actual or potential production shutdowns. Examples of these disruptions include the following:

- One company reported that its Midwest plant has been operating at **90% reduced production** because it cannot get raw materials in a timely and consistent manner via rail. Truck is not an option for this facility.
- One company reported using truck shipments to prevent numerous customer shutdowns in the Northeast due to a combination of CSX delays and weather issues. In one instance, a shipment with a normal transit time of 10 days was delayed multiple times on CSX, resulting in a **transit time of 55 days**.



- One company reported that in December, its plant in the Northeast was 24 hours away from shutting down due to CSX's failure to deliver empty railcars. In addition, the company reported that loaded cars of a Toxic Inhalation Hazard product have **dwelled in outbound serving yards for seven or more days**, which impacts security, transit times, customer inventories and subsequent empty car returns.
- One company reported that its Southeast plant continues to experience local switching delays and routing changes that has **increased transit times by 4-5 days**.

While CSX's January 13 letter to the Board notes "a remarkable rate of positive change" and cites selected service metrics that exceed 2016 levels, few benefits of CSX's operational changes have actually been realized by its customers. In fact, the vast majority ACC member responses indicate that current CSX service is worse than it was prior to the implementation of precision railroading.

Adding to companies' frustration, CSX has imposed a number of cost-shifting changes, including cancelling long-term leased track agreements and levying new demurrage and switching fees. One ACC member facility reported additional demurrage charges for one month of over \$130,000 and interplant switching charges of over \$70,000. Another company had service to its facilities cut from multiple times per day to once per day, impacting both inbound raw materials and outbound shipments. Sadly, many companies fear that paying more for less reflects a "new normal" for CSX service.

Again, ACC appreciates the STB's ongoing engagement with CSX, and assistance in resolving individual customer concerns. We continue to believe that the Board must also pursue proactive, long-term actions to help prevent and mitigate future rail service crises. Rail customers have offered the Board several specific ideas, including exercising the authority provided by Congress to investigate the root causes of the CSX service failures, implementing an expedited process to provide alternative service options, reporting meaningful and consistent service metrics and adopting regulatory reforms such as reciprocal switching to provide customers to greater access to competitive rail options.

Rail customers are forced to pay a steep price for these ongoing service failures, which is why this situation cannot continue or spread to other railroads. ACC and its members want to work with the Board on constructive policy reforms that will finally address the root of the problem and allow our nations rail network to thrive. Please feel free to contact me if you have questions or would like additional information.

Sincerely,

A handwritten signature in black ink that reads "Cal Dooley". The signature is written in a cursive, slightly slanted style.

Cal Dooley